

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5044**

Chapter 114, Laws of 2005

59th Legislature  
2005 Regular Session

RURAL PUBLIC HOSPITAL DISTRICTS--OFFICER CONTRACT INTERESTS

EFFECTIVE DATE: 7/24/05

Passed by the Senate March 8, 2005  
YEAS 47 NAYS 0

BRAD OWEN

**President of the Senate**

Passed by the House April 5, 2005  
YEAS 94 NAYS 0

FRANK CHOPP

**Speaker of the House of Representatives**

Approved April 21, 2005.

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5044** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

**Secretary**

FILED

April 21, 2005 - 3:31 p.m.

CHRISTINE GREGOIRE

**Governor of the State of Washington**

**Secretary of State  
State of Washington**

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**SENATE BILL 5044**

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Passed Legislature - 2005 Regular Session

**State of Washington                      59th Legislature                      2005 Regular Session**

**By** Senators Mulliken and Parlette

Read first time 01/12/2005.      Referred to Committee on Government Operations & Elections.

1            AN ACT Relating to contract interests of an officer of a rural  
2 public hospital district; and amending RCW 42.23.030.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4            **Sec. 1.** RCW 42.23.030 and 1999 c 261 s 2 are each amended to read  
5 as follows:

6            No municipal officer shall be beneficially interested, directly or  
7 indirectly, in any contract which may be made by, through or under the  
8 supervision of such officer, in whole or in part, or which may be made  
9 for the benefit of his or her office, or accept, directly or  
10 indirectly, any compensation, gratuity or reward in connection with  
11 such contract from any other person beneficially interested therein.

12 This section shall not apply in the following cases:

13            (1) The furnishing of electrical, water or other utility services  
14 by a municipality engaged in the business of furnishing such services,  
15 at the same rates and on the same terms as are available to the public  
16 generally;

17            (2) The designation of public depositaries for municipal funds;

18            (3) The publication of legal notices required by law to be

1 published by any municipality, upon competitive bidding or at rates not  
2 higher than prescribed by law for members of the general public;

3 (4) The designation of a school director as clerk or as both clerk  
4 and purchasing agent of a school district;

5 (5) The employment of any person by a municipality for unskilled  
6 day labor at wages not exceeding two hundred dollars in any calendar  
7 month. The exception provided in this subsection does not apply to a  
8 county with a population of one hundred twenty-five thousand or more,  
9 a city with a population of more than one thousand five hundred, an  
10 irrigation district encompassing more than fifty thousand acres, or a  
11 first class school district;

12 (6)(a) The letting of any other contract in which the total amount  
13 received under the contract or contracts by the municipal officer or  
14 the municipal officer's business does not exceed one thousand five  
15 hundred dollars in any calendar month.

16 (b) However, in the case of a particular officer of a second class  
17 city or town, or a noncharter optional code city, or a member of any  
18 county fair board in a county which has not established a county  
19 purchasing department pursuant to RCW 36.32.240, the total amount of  
20 such contract or contracts authorized in this subsection (6) may exceed  
21 one thousand five hundred dollars in any calendar month but shall not  
22 exceed eighteen thousand dollars in any calendar year.

23 (c)(i) In the case of a particular officer of a rural public  
24 hospital district, as defined in RCW 70.44.460, the total amount of  
25 such contract or contracts authorized in this subsection (6) may exceed  
26 one thousand five hundred dollars in any calendar month, but shall not  
27 exceed twenty-four thousand dollars in any calendar year.

28 (ii) At the beginning of each calendar year, beginning with the  
29 2006 calendar year, the legislative authority of the rural public  
30 hospital district shall increase the calendar year limitation described  
31 in this subsection (6)(c) by an amount equal to the dollar amount for  
32 the previous calendar year multiplied by the change in the consumer  
33 price index as of the close of the twelve-month period ending December  
34 31st of that previous calendar year. If the new dollar amount  
35 established under this subsection is not a multiple of ten dollars, the  
36 increase shall be rounded to the next lowest multiple of ten dollars.  
37 As used in this subsection, "consumer price index" means the consumer  
38 price index compiled by the bureau of labor statistics, United States

1 department of labor for the state of Washington. If the bureau of  
2 labor statistics develops more than one consumer price index for areas  
3 within the state, the index covering the greatest number of people,  
4 covering areas exclusively within the boundaries of the state, and  
5 including all items shall be used.

6 (d) The exceptions provided in this subsection (6) do not apply to  
7 a sale or lease by the municipality as the seller or lessor. The  
8 exceptions provided in this subsection (6) also do not apply to the  
9 letting of any contract by a county with a population of one hundred  
10 twenty-five thousand or more, a city with a population of ten thousand  
11 or more, or an irrigation district encompassing more than fifty  
12 thousand acres.

13 ((d)) (e) The municipality shall maintain a list of all contracts  
14 that are awarded under this subsection (6). The list must be made  
15 available for public inspection and copying;

16 (7) The leasing by a port district as lessor of port district  
17 property to a municipal officer or to a contracting party in which a  
18 municipal officer may be beneficially interested, if in addition to all  
19 other legal requirements, a board of three disinterested appraisers and  
20 the superior court in the county where the property is situated finds  
21 that all terms and conditions of such lease are fair to the port  
22 district and are in the public interest. The appraisers must be  
23 appointed from members of the American Institute of Real Estate  
24 Appraisers by the presiding judge of the superior court;

25 (8) The letting of any employment contract for the driving of a  
26 school bus in a second class school district if the terms of such  
27 contract are commensurate with the pay plan or collective bargaining  
28 agreement operating in the district;

29 (9) The letting of any employment contract to the spouse of an  
30 officer of a school district, when such contract is solely for  
31 employment as a substitute teacher for the school district. This  
32 exception applies only if the terms of the contract are commensurate  
33 with the pay plan or collective bargaining agreement applicable to all  
34 district employees and the board of directors has found, consistent  
35 with the written policy under RCW 28A.330.240, that there is a shortage  
36 of substitute teachers in the school district;

37 (10) The letting of any employment contract to the spouse of an  
38 officer of a school district if the spouse was under contract as a

1 certificated or classified employee with the school district before the  
2 date in which the officer assumes office and the terms of the contract  
3 are commensurate with the pay plan or collective bargaining agreement  
4 operating in the district. However, in a second class school district  
5 that has less than two hundred full-time equivalent students enrolled  
6 at the start of the school year as defined in RCW 28A.150.040, the  
7 spouse is not required to be under contract as a certificated or  
8 classified employee before the date on which the officer assumes  
9 office;

10 (11) The authorization, approval, or ratification of any employment  
11 contract with the spouse of a public hospital district commissioner if:  
12 (a) The spouse was employed by the public hospital district before the  
13 date the commissioner was initially elected; (b) the terms of the  
14 contract are commensurate with the pay plan or collective bargaining  
15 agreement operating in the district for similar employees; (c) the  
16 interest of the commissioner is disclosed to the board of commissioners  
17 and noted in the official minutes or similar records of the public  
18 hospital district prior to the letting or continuation of the contract;  
19 and (d) and the commissioner does not vote on the authorization,  
20 approval, or ratification of the contract or any conditions in the  
21 contract.

22 A municipal officer may not vote in the authorization, approval, or  
23 ratification of a contract in which he or she is beneficially  
24 interested even though one of the exemptions allowing the awarding of  
25 such a contract applies. The interest of the municipal officer must be  
26 disclosed to the governing body of the municipality and noted in the  
27 official minutes or similar records of the municipality before the  
28 formation of the contract.

Passed by the Senate March 8, 2005.

Passed by the House April 5, 2005.

Approved by the Governor April 21, 2005.

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